

# INFORMATION REPORT CONFIDENTIAL

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COUNTRY China

SUBJECT Industrial Conditions in Tientsin

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1. From December 1948 when the Communists took over Tientsin until mid-1949, productive enterprises in Tientsin were at a standstill. However, after the fall of Shanghai in May 1949 and the collapse of the Nationalist blockade, export trade was resumed and a wider domestic market secured. The government stimulated recovery through business loans and orders to private industries. The cotton industry was the first to recover and was followed by the rubber goods, tobacco, and machinery industries. The recovery of industry was halted before completion by the government's introduction of austerity measures, high taxes, and the compulsory purchase of victory bonds by business enterprises. Many factories closed and many business enterprises failed because of the required purchases of victory bonds, which were non-negotiable. By 1950 the central government was considering a tax reduction plan and the government bank had already started to relax its regulations on loans to private industries.
2. In mid-1950 there were 10,570 factories in Tientsin, 69 of which were government-owned. The factories employed 97,900 workers, 40,500 of whom were employed in the government factories. The so-called factories are really workshops, as only 3,100 have machinery, and only 98 employ more than 100 workers.
3. The Industries Department of the Military Control Commission operated three power stations and 39 industrial enterprises. These were organized into 19 units, comprising such industries as steel and machinery, cotton, chemicals, paper and pulp, glass, edible oil, flour, match, tobacco, and ceramics. The municipal government operated the waterworks, buses and streetcars, and through the Tientsin Municipal Enterprises Company, such industries as rubber goods, knitting and weaving, nails, ice, printing ink, foods, chemicals, and woolen textiles.
4. In mid-1950 all cotton mills were in full operation, using raw native cotton from which only coarse textiles can be produced. There were seven government-owned cotton mills in operation: the Hwa Hsin Textile Works, and six mills operated by the China Textile Corporation. There were three large privately-owned cotton mills: Heng Yang, Pei Yang, and Tah Sung. These ten mills had 390,000 spindles -- about

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one-third of the total in China -- and 3,160 looms. At the 1950 rate of production the output for the year was estimated as 286,970 bales of cotton yarn and over 5,000,000 bolts of cotton piece goods.

5. The dyeing and finishing industry was processing 364,000 bolts of cotton textiles per month. Forty-eight plants were operating with a labor force of 2,200. Over 95 percent of the dyestuffs used was imported, and efforts were being made to increase the use of native dyestuffs.
6. The match industry was producing 8,000 cases of matches per month, 5,000 of which were produced by government-owned Chung Hwa Match Factory. The private factories Tan Hwa and Pei Yang, were the only large-scale producers of matches. The consumption of matches, especially by the rural population, had been greatly reduced because of the floods in 1949, and there was a consequent over-production. In the manufacture of matches, raw materials from Manchuria in lieu of imported materials were being used. Some Soviet-manufactured matches appeared on the market in mid-1950.
7. The monthly production of tobacco was 7,000 cases. There were 33 tobacco factories, including one owned by the government and one owned by the British. A total of 4,000 workers were employed in the factories. The best equipped factories were the government-owned Tung Ya Tobacco Company and the British-owned Yee Tsong Tobacco Company. Native tobaccos from Shantung and Honan Provinces were being used extensively, and old brands no longer had their former flavor and strength. Cigarette papers and wrapping materials which were formerly imported were being replaced by native products, mostly from Shanghai. The Soviet-made cigarettes on sale were not popular.
8. There were over 30 electrical appliance factories, but most operated on a small scale. The largest was the government-owned Central Electrical Appliances Company, with two factories, the First Factory and the Second Factory. The First Factory produced motors of medium power, transformers, light bulbs, high voltage batteries, and telegraphic receivers and transmitters. The Second Factory manufactured only radio sets and parts. This factory formerly assembled American-made Philco radio parts into locally-made cases, producing the so-called Philco radios "made in China". Such sets were still being produced on a large scale and were on sale to the public on installment terms of corn flour equivalent to about U. S. \$30. Users were said to find the radios satisfactory. The only large private factory was the Chung Tien Electrical Works, which specialized in the manufacture of telephones and telephone exchange sets.
9. Although many different rubber articles were being produced, only rubber footwear, bicycle inner tubes and tires were being produced on a large scale. The monthly output of rubber footwear was 313,500 pairs, bicycle inner tubes 73,000 and bicycle tires 56,600. There were 92 factories in operation, including two government-owned, which employed 3,700 workers.
10. The monthly output of woolen textiles was 25,153 yards, woolen yarn 54,000 pounds, woolen blankets 1,200 and carpet yarn 32,000 pounds. Production was about 50 percent below installed capacity because of a lack of raw wool from Australia. Native wool from Suiyuan and Honan was being used, but quantities available were insufficient and the quality was not suitable. Three of the seven woolen mills in Tientsin were in operation: one government-owned and two privately-owned, the Jen Li and Tung Yah.

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11. Power in Tientsin was being supplied by the French Power Company and by the government-owned North China Electric Company -- reorganized from the Nationalist Chi Pei Power Company. The French Power Company was supplying electricity at the rate of 2,000 kilowatts, although it had a capacity of 9,250 kilowatts. The North China Electric Company was supplying electricity at the rate of 40,000 kilowatts. The company had four generating stations which, if in good condition, could supply 57,400 kilowatts. About 3,000 kilowatts of the electricity being generated was furnished to Peiping, where one power plant was under repair. The city of Tientsin required about 20,000 kilowatts more electricity than was being supplied.
12. About 400,000 people were using public travel facilities daily. There were about 190 streetcars in good condition, and 130 cars operating daily. There were about 50 buses in operation. Soviet-manufactured buses with diesel engines and a seating capacity for 60 were operating on the main route in the city. Since the introduction of the "responsibility system", under which the same personnel were assigned to a certain streetcar or bus for given periods of time and were responsible for maintenance, streetcars and buses were cleaner.
13. The Telecommunications Bureau was handling an average of about 200,000 telegrams and was operating more than 20,000 local telephone lines in addition to long distance lines to all the large cities in China. The post office was handling over 50,000 letters and over 50,000 parcels daily. It was operating 15 branch offices and about 50 post boxes throughout the city.
14. The Chi An Waterworks was supplying over 12,000,000 gallons of water and the Tientsin Municipal Waterworks was supplying about 2,000,000 gallons of water daily. About 80 percent of the local demand was being met. Running water was limited to the former foreign concession areas, and only water shops and native wells were available to persons living outside the concession areas of the city. An attempt was being made to extend the running water system beyond the concession areas.

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